

**EXHIBIT 389 TO  
CISNEROS DECLARATION  
REDACTED VERSION**



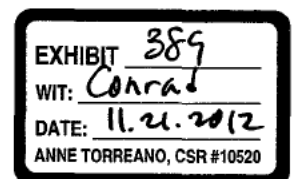
MEMORANDUM

TO: GOOGLE LEADERSHIP DEVELOPMENT AND COMPENSATION COMMITTEE  
FROM: LASZLO BOCK  
VP, PEOPLE OPERATIONS  
DATE: NOVEMBER 2, 2010  
SUBJECT: AGENDA FOR NOVEMBER 8 MEETING

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The proposed agenda for our discussion is as follows:

1. Revised compensation philosophy
2. Q4 2010 OC Refresh



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## SECTION 1 Revised Compensation Philosophy (8-Nov-10)



## Revised Compensation Proposal

Authors: Eric Schaffer, Jason Grishkoff, Laszlo Bock, Matt Kunzweiler and Prasad Setty

**SUMMARY**

On 13-Oct-2010, we presented a compensation philosophy proposal to the LDCC and full Board. The primary purpose of the proposal is to better attract and retain employees, especially in light of recent talent competition. The proposal also better aligns our cash compensation (currently at the market [REDACTED] percentile) with our top-of-market talent.

The Board provided feedback on three key issues. After further deliberation, Management resolved to implement our original cash compensation plan for the broad employee base and executives, but delay equity changes (for consideration later in 2011). The original and updated proposals are detailed below:

Cash Compensation Proposal	Equity Compensation Proposal
[REDACTED]	

These decisions are based on the following feedback from the full Board:

- **Ensure adjustments are meritocratic / not "socialistic"** – our current programs highly differentiate cash compensation based on performance. [REDACTED]
- **Consider phased approach / lower overall program cost** – [REDACTED]
- **Estimate impact on attrition** – we estimate 2011 attrition rates will decrease to [REDACTED] (vs. an estimated [REDACTED] attrition rate without these adjustments). This is based on a [REDACTED] reduction of individual contributor attrition, [REDACTED] for managers and non-technical directors, and [REDACTED] for technical directors. Note, relevant historical data / benchmarks are unavailable internally or externally. After implementation, we will gather and use actual data to refine our forecasts

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**RESPONSES TO BOARD FEEDBACK****Ensure Adjustments Are Meritocratic / Not "Socialistic"**

We are ensuring that adjustments are meritocratic through three means:

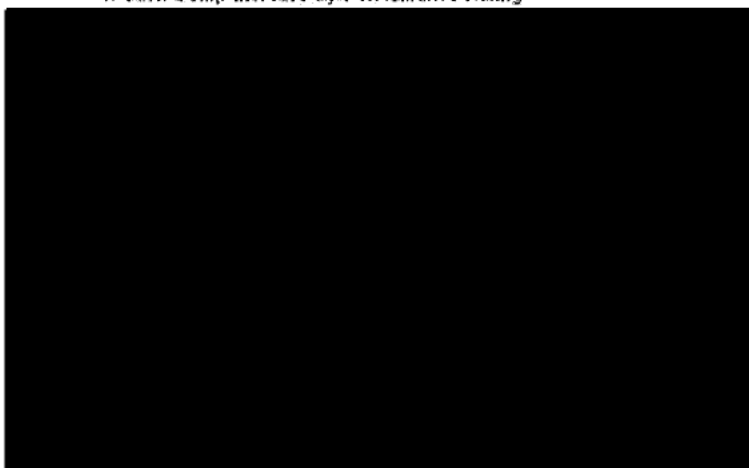
1. The salary increases that apply to all Googlers (flat 10% increase [REDACTED])

2. [REDACTED]

3. [REDACTED]

The net result of these changes is illustrated in the chart below. Higher performers will receive significantly higher increases in both salaries and total cash compensation relative to low performers.

% Cash Comp Increase by Performance Rating

**Consider Phased Approach / Lower Overall Program Cost**

Based on the Board's guidance to consider a phased approach, we have segmented the roll-out of this program into:

- [REDACTED]
- [REDACTED]

We also evaluated alternative proposals with reduced overall costs. For example, we considered a [REDACTED] (vs. [REDACTED]) proposal by reducing the flat salary increase to [REDACTED] (from [REDACTED]). Management determined this to be of insufficient scale to achieve the program's objectives (for reference, our 2010 annual merit increase budget was [REDACTED]).

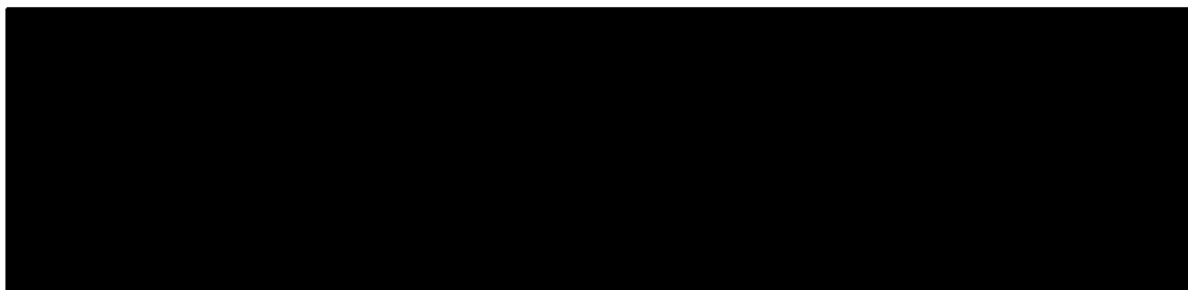
We ultimately determined the original funding level of [REDACTED] is necessary to address current market dynamics – most notably, increasing salaries at high-growth companies / startups<sup>1</sup>. This trend is substantiated by counteroffers / head-to-head offers vs. Facebook and Twitter, which show these companies are:

- [REDACTED]
- [REDACTED]

1. <http://techcrunch.com/2010/10/14/is-the-valley-falling-out-of-love-with-options/>

The following chart shows Google-wide attrition projections for 2011. The shaded region in the right-hand chart indicates our forecast's margin of error, which broadens over time.

1. Forecasted Q4 2010 attrition
2. We anticipate only ~75% impact in Q1, as a subset of departing Googleers will have already made plans before our program's announcement



(values in \$000s)

OC <sup>2</sup>	Current				With Compensation Changes					
			Total Cash Comp.				Total Cash Compensation			
	Base	Bonus %	Target \$	Estimated Actuals \$	% Base	Bonus Δ %	Target \$ % Incr.	Estimated Actuals \$ % Incr.		
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Select / Example VP2s										
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Select / Example VP1s										
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## Notes:

Estimated Actual: Assumes historical company performance [REDACTED] and historical individual performance (from 2009/2010 bonus cycle for SVPs; trailing 4Q performance for all others) in both Current and Big Bang scenarios

- 1) Assumes bonus paid in year earned
- 2) Excludes [REDACTED]
- 3) High historical individual multiplier results in lesser degree of % increase for TOC from 2010 to 2011
- 4) Salary and bonus prorated at [REDACTED]

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## SECTION 2 Q4 2010 OC Refresh (8-Nov-10)



## Q4 2010 OC Refresh

Authors: Jason Grishkoff and Matt Kunzweiler

**OVERVIEW**

[Redacted]

[Redacted]

(\$M s)

Category	Executive	Proposed Q4 Grant	Total 2010 Grant Value	Market Equity Data		
				Standard Mkt. Data <sup>1</sup>	S&P CEO Data <sup>2</sup>	2011 Equity Cashflow <sup>3</sup>
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\* = Likely to be Named Executive Officers in 2011 as disclosed in our 2011 Proxy

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

See Attachment A for detailed market data.

See Attachment B for detailed cashflow data by OC member.

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**ATTACHMENT A****Detailed Market Equity Data**

(\$M s)

Category	Executive	Proposed Q4 Grant	Total 2010 Grant Value	Standard Market Equity Data			S&P 500 Market Equity Data <sup>1</sup>		
				50th % ile	75th % ile	90th % ile	50th % ile	75th % ile	90th % ile
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\* = Likely to be Named Executive Officers in 2011 as disclosed in our 2011 Proxy

1) SVPs benchmarked to S&amp;P100; VP1s and VP2s benchmarked to S&amp;P101-500

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**ATTACHMENT B****Historical and Future Cashflow Detail****(\$Ms)**

	Historical Refresh and New Hire Equity Grants					4-year Equity Flows <sup>1</sup>						Proposed Equity	Post-2010 Refresh 4-year Equity Flows <sup>1,2</sup>					
	2006	2007	2008	2009	2010	2010	2011	2012	2013	2014	Total	Avg <sup>3</sup>	2011	2012	2013	2014	Total	Avg <sup>3</sup>
Executive SVP Officers																		
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SVPs																		
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VP2																		
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VP1																		
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= Not on OC at time of grant

= Amounts entered under Proposed 2010 Equity are reflected in Post-2010 Refresh 4-Year Equity Flows

\*\* Urs declined a \$20.0M grant and Omid declined a \$10.0M grant in Mar. 2009

1) As of Oct-10; assumes sale at vest, \$600 current stock price and 10% annual growth rate

2) Includes Proposed Equity granted at a 2:1 options to GSU ratio. Assumes grant date of 1-Dec-10. Options vest 1/4th at first anniversary, and 1/48th each month thereafter; GSUs vest 1/4th at first anniversary, and 1/16th at each quarter thereafter

3) Average does not include 0's